

Share of Food Spending for Eating Out Reaches 47 Percent

Annette Clauson
(202) 694-5373
aclauson@econ.ag.gov

The share of food dollars spent away from home climbed to an all-time high of 47 percent of food expenditures in 1998. Revisions based on the 1997 Economic Census by the Census Bureau of the U.S. Department of Commerce also show that 1998 expenditures for eating out have grown at a faster pace than retail food expenditures.

Food spending in the United States rose 3.6 percent to \$756.2 billion between 1997 and 1998 (table 1). Total expenditures for eating out (food away from home) rose 4.6 percent, to \$354.4 billion in 1998. Retail food expenditures (food at home) increased at a slower pace than 1997's 4.1-percent rise, up 2.8 percent to \$401.8 billion.

Once adjusted for inflation, which was a low 1.6 percent in 1998, total food spending rose 1.4 percent in 1998—food at home was up 0.1 percent and food away from home rose 1.9 percent. The slower real (inflation-adjusted) growth for food at home than for food away from home reflects consumers' prosperity over the last year as

they spent their higher incomes in restaurants, fast food outlets, coffee bars, and other eating places.

During the 1990-91 recession, real spending on food away from home declined 0.4 percent, while spending for food at home rose 1.3 percent. One of the ways people economized during the recession was by eating out less often or by going to less expensive places. The share of total food dollars spent away from home declined from 44.7 percent in 1989 to 44.1 percent in 1991.

With the subsequent economic recovery, spending on food away from home rose faster than spending for food at home. By 1993, spending for food away from home accounted for 46 percent of food expenditures.

Even at-home food expenditures reflect the relative prosperity of the last couple of years. A closer look at the industry shows much of the growth in food at home spending coming from time-pressed consumers picking up fully or partially prepared entrees and side dishes



Credit: USDA

The author is an economist with the Food and Rural Economics Division, Economic Research Service, USDA.

from their local supermarkets. These Home Meal Replacements (HMR's) or meal solutions are counted as food-at-home expenditures. A July 1999 study by *Takeout Business* indicated that the top 25 supermarket leaders in HMR's boosted their sales of fully or partially prepared foods by 36.2 percent in 1998, increasing HMR's sales to 3.6 percent of total sales for these stores.

Preliminary figures on total food sales (a beginning point for estimating food spending) in August 1999 show spending for food at home up 2.6 percent from the same period in 1998 and away-from-home food spending up 13.4 percent. Food sales exclude donations and food furnished to employees, patients, and inmates—all of which are included in the total food expenditures reported in table 1. Inflation-adjusted food sales from August 1998 to 1999 increased 2.3 percent for food at home, while away-from-home jumped 13.0 percent.

Personal Food Spending Rose 4 Percent

Personal food spending shows another perspective on the trend. It behaves differently from total food spending because it excludes expenditures by governments and

businesses. Personal food expenditures rose 3.6 percent in 1998, while spending on housing, household supplies, fuel, and furniture went up 5.6 percent, and clothing expenditures increased 5.7 percent (table 2). Lower fuel prices in 1998 contributed to an increase of only 2.7

Updated Data Available

Newly revised figures will be available from USDA's Economic Research Service twice a year—spring and fall—through the Internet and the AutoFAX system.

Internet: Updated figures can be found on the Economic Research Service's website at: <http://www.econ.ag.gov/briefing/foodmark/expend/expend.htm>.

AutoFAX: To receive updates by AutoFAX, dial (202) 694-5700 using a telephone connected to a FAX machine, respond to the voice prompts, and order document #11530 (a list of all the available data tables can then be requested).

Please note, some FAX machines

may have a "Hook" or "Manual polling" button or switch that allows the user to respond to the recorded voice prompts. On this type of FAX machine, you may listen to the voice prompts through a speaker and respond on the keypad. It may be necessary to press the start or send button to send the signal to the AutoFAX.

When responding to the voice prompts, please note: When asked for a yes or no response, press 1 for yes and 2 for no. You may interrupt the main menu choices to order the document by pressing 4—the system will then prompt you for the document number.

Table 1
Food Spending Rose 3.6 Percent in 1998

Expenditures	1994	1995	1996	1997	1998	Change, 1997-98
	Billion dollars					Percent
Total food and beverages ¹	728.9	757.0	788.3	826.8	848.6	2.6
Total food (excluding alcohol)	642.9	668.4	695.5	729.6	756.2	3.6
At-home food	347.9	361.6	375.4	390.7	401.8	2.8
Sales	340.8	354.6	368.6	384.0	395.2	2.9
Home production and donations	7.1	7.0	6.8	6.7	6.6	-1.5
Away-from-home food	295.0	306.7	320.1	338.9	354.4	4.6
Sales	268.4	279.4	292.0	309.2	323.6	4.7
Supplied and donated ²	26.6	27.3	28.2	29.7	30.7	3.4
Alcoholic beverages	86.0	88.6	92.7	97.2	92.4	-5.2
Packaged	47.9	48.8	51.1	52.9	44.7	-18.3
Drinks	38.2	39.8	41.6	44.4	47.7	7.4

Notes: Data may not total due to rounding.

¹Includes all food and alcoholic beverages, regardless of who paid for them.

²Includes Government subsidies for school lunch programs.

Source: Data are from USDA's Economic Research Service.

Table 2

Rise in Personal Food Expenditures Lower Than Increase in Disposable Personal Income¹

Component	1997	1998	Change, 1997-98
	<i>Billion dollars</i>		<i>Percent</i>
Disposable personal income	5,795.1	6,027.9	4.0
Total personal consumption expenditures	5,493.7	5,807.9	5.7
Food	640.4	663.3	3.6
At home	387.1	398.3	2.9
Away from home	253.3	265.0	4.6
Alcoholic beverages	86.1	80.5	-7.0
At home	52.9	44.7	-18.3
Away from home	33.2	35.8	7.8
Nonfood	4,712.7	4,992.6	5.9
Housing, household supplies, fuel, furniture	1,428.5	1,508.7	5.6
Transportation, cars, gasoline	647.5	664.9	2.7
Medical care	843.4	888.2	5.3
Clothing and shoes	278.0	293.8	5.7
Other durable goods	132.1	141.9	7.4
Other nondurable goods	403.9	431.6	6.9
Other services	979.3	1,063.5	8.6
Other miscellaneous	54.5	71.5	31.2

Notes: Data may not add due to rounding. Food expenditures in this table are only those paid for by consumers with cash or food stamps. Total personal consumption expenditures is the sum of food, alcoholic beverages, and nonfood items.

¹As of July 1999.

Sources: Food and alcoholic beverage data are from USDA's Economic Research Service. All other data are from the Bureau of Economic Analysis, U.S. Department of Commerce.

percent for personal spending on transportation, cars, and gasoline. Within personal food expenditures, spending for food away from home grew 4.6 percent compared with a 2.9-percent increase in expenditures for food at home. In 1997, personal spending for food away from home grew 3.9 percent and at-home personal food spending grew 3.8 percent.

In 1998, 11.0 percent of household disposable personal income was spent on food, down from 11.5 percent in 1988. Households spent 6.6 percent of their 1998 disposable personal income for food at home and 4.4 percent on food away from home. A decade earlier, Americans were spending 7.2 percent of their disposable personal income for food at home and 4.3 percent for

food away from home. In 1998, Americans spent about 25 percent of disposable personal income on housing (including supplies, fuel, and furniture), 15 percent on medical care, and 11 percent on transportation (including cars and gasoline). ■